

## Message Text

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PAGE 01 LIMA 05773 152309Z

64

ACTION ARA-20

INFO OCT-01 ISO-00 SP-03 L-03 AID-20 CIAE-00 COME-00 EB-11

FRB-03 INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 OMB-01 TAR-02 PA-04 PRS-01

USIA-15 AGR-20 DRC-01 /145 W

----- 126153

R 152244Z JUL 74

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 998

INFO AMEMBASSY BOGOTA

AMEMBASSY CARACAS

AMEMBASSY LA PAZ

AMEMBASSY QUITO

AMEMBASSY SANTIAGO

UNCLAS LIMA 5773

E.O. 11652: N/A

TAGS: EIND, EGEN, CO, VE, BL, EC, CI, PE

SUBJECT: ANDEAN PACT: PETROCHEMICAL AND FERTILIZER INDUSTRY

PROGRAMS

REF: A) LIMA 5772; B) LIMA A-147

1. AN INTERGOVERNMENTAL COMMITTEE, HEADED BY VENEZUELAN  
REPRESENTATIVE JESUS ALBERTO FERNANDEZ JIMENEZ, MET JULY  
2-10 IN LIMA TO ADVANCE NEGOTIATIONS ON JUNTA PROPOSALS 44  
AND 47 ON PETROCHEMICALS AND FERTILIZERS. MEMBER COUNTRIES  
ARE MUCH CLOSER ON THESE PROPOSALS THAN ON AUTOMOTIVE  
INDUSTRY PROGRAM (SEE REFTEL A). HOWEVER, JUNTA COORDINATOR  
GERMANICO SALGADO TOLD REGIONAL INTEGRATION OFFICER THAT  
ALL-OUT EFFORT WILL BE MADE TO HAVE THE THREE PROGRAMS APPROVED  
TOGETHER. AT THE EARLIEST, ACCORDING TO SALGADO, THIS WOULD BE  
IN OCTOBER.

2. TWO FUNDAMENTAL PROBLEMS ARE STILL UNSOLVED IN PETROCHEMICAL  
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PAGE 02 LIMA 05773 152309Z

AND FERTILIZER INDUSTRY PROGRAMS. FIRST, BOLIVIA CONTINUES TO

INSIST ON A SUFFICIENTLY TIGHT PROGRAMMING PROCEDURE TO ENSURE THAT ACTUAL ESTABLISHMENT OF PLANTS IN THAT COUNTRY. SECONDLY, VENEZUELA CONSIDERS IT INDISPENSABLE TO PRESERVE THE RIGHT OF MEMBER COUNTRIES TO ESTABLISH NEW PLANTS OUTSIDE THE ANDEAN PACT ALLOCATION PROCESS, AS LONG AS THEIR PRODUCTION IS EXCLUSIVELY FOR THIRD-COUNTRY MARKETS. VENEZUELA PRESENTED A PROPOSAL FOR THE WAY THIS PROCEDURE COULD BE CONTROLLED. ACCORDING TO OPINIONS IN THE JUNTA, VENEZUELA'S CONDITION WILL PROBABLY BE MET. AS TO BOLIVIA, FINANCING OFFERS FROM VENEZUELA MAY HELP TO OBTAIN ITS SUPPORT.

3. THE OTHER RESERVATIONS VOICED BY THE VARIOUS COUNTRIES, WHICH ARE BASICALLY STILL THE SAME AS REPORTED IN REFAIR B, ARE NEGOTIABLE. CONSIDERABLE PROGRESS HAS BEEN MADE TOWARD A CONSENSUS. THE "OPEN-MODEL APPROACH", MEANING ADJUSTMENT TO WORLD MARKET CONDITIONS IN BASIC PETROCHEMICAL FEEDSTOCKS, APPEARS GENERALLY TO BE ACCEPTED.

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## Message Attributes

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